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C O N F I D E N T I A L SECTION 01 OF 03 BUDAPEST 000037

SIPDIS

DEPARTMENT FOR EUR/CE JAMIE MOORE, NSC FOR JEFF HOVENIER

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TAGS: [PREL](#) [ENRG](#) [EPET](#) [MOPS](#) [PHUM](#) [RS](#) [BK](#) [AF](#) [HU](#)

SUBJECT: AMBASSADOR'S MEETINGS WITH SENIOR MFA OFFICIALS

REF: BUDAPEST 26

Classified By: Political Officer Jon Martinson, reasons 1.4.(b,d)

11. (C) Summary. In separate meetings January 21 with the Ambassador, MFA State Secretaries Laszlo Varkonyi and Gabor Iklody stressed the importance of the U.S.-Hungarian bilateral relationship and outlined proposed cooperation between the Visegrad Four and the USG on Roma and energy issues. Highlighting efforts to increase the civilian development presence in Afghanistan, Iklody requested assistance to identify potential partners to join with them in Baghlan province. While the relationship "is better than it was," both State Secretaries noted that Russia remains a "partner and adversary." Concerned over decreasing multi-national troop strengths in the Western Balkans, Hungary still believes MAP for Bosnia is the way forward to address continuing stabilization and integration efforts in the region. Varkonyi stated that Hungary looks to continue its democratization efforts in conjunction with the Administration's policy on Cuba, but expressed disappointment with the outcome of the Copenhagen Climate conference, asking "how could the EU be left out of the President's meeting on the final document?" Following recent EU meetings, Iklody assesses the new EU structure emerging from the Lisbon treaty as "a nightmare and chaos." End summary.

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NUMBER ONE STRATEGIC PARTNER  
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12. (C) Opening their meetings with the Ambassador, both State Secretary Varkonyi and State Secretary Iklody echoed the Prime Minister's and Foreign Minister's comments in their meetings with the Ambassador (reftel) - in Iklody's words, "the U.S. is the number one strategic partner for Hungary." Varkonyi called the political changes of 1990 "a dream come true for Hungary," providing the country an opportunity to join a family of nations in a strategic relationship based on shared values. He stressed that this strong bilateral relationship is not dependent on any one government cycle in Hungary or the U.S., and this approach dominates MFA thinking. Noting that Hungary will be an intersecting place for the next two years, with national elections, and the Visegrad Four (V-4) and EU presidencies dominating the political scene, Varkonyi underscored that nothing will shake the bilateral relationship. The Ambassador thanked the Secretaries for Hungary's decision to accept a detainee, which "set the tone" for other countries in the region to do the same, and agreed that the Visegrad Four and EU presidencies provide tremendous leadership possibilities for Hungary.

13. (C) Iklody also expressed appreciation for the

Administration's "new focus on Central Europe," highlighting regular conference calls with the regions political directors to discuss topics of mutual concern as mutually beneficial. Turning to Hungary's current V-4 presidency, Iklody outlined two areas for potential cooperation between the V-4 and the U.S. The first focuses on the Roma issue, which he described as "a national, regional and European issue." Iklody stated that he hopes to have a Central European V-4 strategy approved and launched by June, as urgent action is needed to change stereotypes and prejudices. Iklody raised energy security as the second area for potential cooperation, stating it is high on the V-4 agenda. Responding, the Ambassador said, that while this is an EU issue, the U.S. recognizes the importance and is ready to offer assistance where possible, to include DAS Morningstar's planned participation in the V-4 energy conference in February. Iklody stated that he is planning a visit to Washington in March to discuss the V-4 efforts, followed by a visit of all four V-4 political directors later in the spring.

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AFGHANISTAN  
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¶4. (C) Iklody told the Ambassador that an increase in Hungarian development capabilities on the ground in Afghanistan is this government's number one development priority, with 50 percent of their development funding dedicated to Afghanistan. Although limited by current budgetary constraints, Iklody stated that Hungary is concentrating more on civilian reconstruction and trying to adjust its presence in Afghanistan to match President Obama's

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recent strategy announcement. As the strategy develops, he asked that the Embassy remain in contact to help fine tune Hungary's effort on the ground, commenting that the earlier we can build effective Afghan institutions, the earlier we can leave. He also asked for assistance to help identify potential partners less willing to send military forces, but perhaps more willing to find civilian development projects.

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RUSSIA  
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¶5. (C) Reflecting back on the 1990 political changes in Hungary, Varkonyi suggested that successive Hungarian governments tended to forget that Russia is a big country, a neighbor, and a significant trading partner. He expressed his view that the pendulum has swung back to a more balanced relationship, noting that the relationship "is better than it was." That said, Varkonyi commented that Hungary will continue to criticize Russian military and economic "aggressive moves." Iklody said he views Russia as "our partner and adversary;" a partner on energy, and a competitor on a common neighborhood policy. Iklody told the Ambassador that we all want to engage Russia, but not by sacrificing values, and at some point Russia will realize that they have no other alternative. Referencing the "reset" Iklody said Hungary is looking for results, please keep us involved. Responding, the Ambassador underscored the importance of cooperating in areas where we have shared interests, but transparency is critical, in particular, as Russia attempts to expand economic and business interests in Europe.

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WESTERN BALKANS  
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¶6. (C) Turning to the Western Balkans, Iklody expressed concern over the current situation in Bosnia, stating that there is still unfinished business in our stabilization and integration efforts. Noting that "we agreed to disagree" on MAP for Bosnia, he said currently nothing is moving forward; Bosnia needs encouragement and a push that MAP would provide.

Expressing concerned with decreasing multi-national troop levels in the region, Iklody commented that the Office of the High representative (OHR), which he believes should remain for now, will have "no stick" addressing issues with the Bosnian government with a decreased military presence behind him.

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CUBA  
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¶17. (C) Highlighting Hungary's international democratization efforts in Cuba, Iraq and Belarus - primarily through the government supported International Center for Democratic Transition (ICDT) - Varkonyi asked if the Obama Administration's focus on Cuba has shifted, as Hungary looks to continue cooperation in its efforts to promote peaceful change towards more open, democratic, systems. Responding, the Ambassador praised Hungary's special relationship and ICDT's efforts, encouraging Hungary to play a "Sweden-type" role in this important endeavor. Responding to the Ambassador's question concerning the current Spanish EU presidency vis-a-vis Cuba, Varkonyi stated that member States made it clear at a recent meeting in Madrid that, although Spain may have vested interests in Cuba, this is not the time for Spain to implement its foreign policy through the EU presidency. He told the Ambassador that he does not expect Spain to push hard on the Cuba issue, nor does he anticipate any change to the current EU coordinated position on Cuba until there is a real shift in Cuba's actions.

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COPENHAGEN CLIMATE CONFERENCE  
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¶18. (C) Varkonyi expressed disappointment in the Copenhagen conference's outcome, stating that President Obama's meeting to work out the final agreed-to document excluded the EU from the discussions, asking "how could the number one donor be left out?" Both he and Iklody consider this more a failure of the EU than a hostile move by the others. Varkonyi said that the EU was not able to bring good offers to the table, and had nothing to do with the final agreement. Both he and Iklody confirmed that the EU will agree to the accord as a collective whole rather than as individual member States.

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A MORE DIFFICULT EU  
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¶19. (C) Recently returning from an EU meeting in Madrid, Iklody reflected on the current transition to the new EU structure emerging from the Lisbon treaty as "a nightmare and chaos." Commenting that the "EU will be a more difficult partner in the near term," Iklody said there is significant in-fighting underway as the newly created High Representative position has "undefined responsibilities, and the EU Commissioner has a strong, solid infrastructure in place." That said, Iklody told the Ambassador that during its EU presidency beginning in January 2011, Hungary wants to work very closely with the U.S. on common security policy and the trans-atlantic relationship; developing strategies together that, with the combined weight of the U.S. and EU, will make the relationship more substantial.

¶10. (C) Comment. Both Varkonyi and Iklody are career diplomats with whom the Embassy has excellent working relationships. With significant international experience, both have served as Ambassadors under Socialist and Fidesz governments, and Post anticipates that they will retain key foreign policy roles under the anticipated Fidesz government following this April's national elections. Varkonyi was a strong supporter of the GOH's decision to accept a Guantanamo detainee, and Iklody is actively engaged across a wide

spectrum of foreign policy issues in his role as Political  
Director. End comment.  
KOUNALAKIS